

## Message Text

LIMITED OFFICIAL USE

PAGE 01 MADRID 02214 251502Z  
ACTION OES-06

INFO OCT-01 EUR-12 ISO-00 FEA-01 ACDA-07 CIAE-00  
INR-07 IO-13 L-03 NSAE-00 NSC-05 EB-08 NRC-05  
DODE-00 ERDA-05 PM-04 SP-02 SS-15 AID-05 XMB-02  
OMB-01 TRSE-00 COME-00 /102 W  
-----260458Z 103122 /20

R 241740Z MAR 77  
FM AMEMBASSY MADRID  
TO SECSTATE WASHDC 9495  
INFO AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY BONN  
AMCONSUL BARCELONA  
AMCONSUL BILBAO  
AMCONSUL SEVILLA

LIMITED OFFICIAL USE MADRID 2214

E.O. 11652: N/A  
TAGS: ECON ENRG, SP  
SUBJECT: AMERICAN FIRM FEELS PINCH CAUSED BY DELAYS IN NRC LICENSING

REF: MADRID 2020

1. ROBERT M. MORSE OF BECHTEL US AND A.W. VON HARTZ OF  
BECHTEL SPAIN CALLED ON ECONOMIC COUNSELOR TO INFORM EMBASSY  
OF BECHTEL'S CURRENT WORK IN SPAIN AND CERTAIN PROBLEMS IT  
IS NOW EXPERIENCING. MORSE REVIEWED BECHTEL'S COMMANDING  
POSITION IN SUPPLYING ENGINEERING SERVICES TO THE VERY  
LUCRATIVE SPANISH NUCLEAR POWER MARKET. HE WENT ON TO SAY,  
THOUGH, THAT BECHTEL'S CURRENT CONTRACTS AND FUTURE IN  
SPAIN ARE JEOPARDIZED BY RECENT USG ACTIONS TO RESTRICT  
NUCLEAR ENERGY GROWTH. BECHTEL MAY VERY WELL LOSE NOT  
ONLY IMPORTANT NUCLEAR CONTRACTS BUT ALSO ITS ENTREE  
INTO CONTRACTS FOR OTHER ENGINEERING SERVICES.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MADRID 02214 251502Z

2. MORSE SAID IMMEDIATE PROBLEM IS EX-IM BANK REFUSAL  
TO DISBURSE ANY MONEY FOR PROJECTS STILL PENDING NRC  
LICENSE. HE EXPLAINED THAT IN PAST SPANISH HAVE PAID BECHTEL  
INTEREST ON MONEY BECHTEL HAD TIED UP IN PROJECTS WITH  
EX-IM ADVANCES. NOW SPANISH TELL COMPANY THAT EX-IM  
DELAY IS NOT THEIR FAULT AND THEY CANNOT PAY INTEREST.

BESIDE THIS LOSS BECHTEL FEARS DIFFICULTIES IN RECEIVING FINAL PAYMENT FOR WORK.

3. ECONOMIC COUNSELOR EXPLAINED THAT NRC LICENSES FOR SEVERAL ENRICHED FUEL SHIPMENTS AND FOR THE VALDECABALLECOS REACTOR HAVE BEEN DELAYED PENDING GOS ACCEPTANCE OF ADDITIONAL SAFEGUARDS REQUESTED BY USG. HE WENT ON TO SAY WE BELIEVE AN INTERIM SOLUTION WILL BE REACHED SOON. THIS WOULD PRESUMABLY CLEAR NRC BACKLOG.

4. BECHTEL REPS EXPLORED FIRM'S FUTURE IN LUCRATIVE SPANISH NUCLEAR MARKET. THEY HAVE SEVEN CONTRACTS WHICH REPRESENT SOME \$3.5 BILLION IN AMERICAN SALES OF SERVICES (SUCH AS BECHTEL) AND EQUIPMENT. IF US POLICY CONTINUES TO CHANGE AND IN BECHTEL REPS WORDS, "NOT FULFILL PRIOR OBLIGATIONS AND COMMITMENTS," BECHTEL STANDS TO LOSE THESE CONTRACTS AND AMERICAN EQUIPMENT SALES WILL CEASE. BAD PERFORMANCE BY BECHTEL ON NUCLEAR CONTRACTS WILL ALSO DAMAGE ITS ABILITY TO LAND CONTRACTS FOR NON-NUCLEAR ENGINEERING SERVICES. BECHTEL DOES HAVE SOME ADVANTAGE OVER NUCLEAR EQUIPMENT SUPPLIERS, I.E. GE AND WESTINGHOUSE, IN THAT IT HAS WORKED WITH EUROPEAN EQUIPMENT SUPPLIERS BEFORE AND COULD CONCEIVABLY DO SO AGAIN. BECHTEL REPS REQUESTED THAT THEIR CONCERN BE CONVEYED TO THE AMBASSADOR. ECONCOUN ASSURED THEM HE WOULD DO SO AND ADDED THAT THE AMBASSADOR HAD BEEN GIVING PERSONAL ATTENTION TO THE NUCLEAR ENERGY MATTER.

6. COMMENT: EMBASSY ASSUMES GOS HAS ADVISED PRIVATE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MADRID 02214 251502Z

SPANISH UTILITIES TO TREAT PROBLEMS CAUSED BY NRC DELAYS AS CONTRACTUAL MATTERS, WITH THE RESULT THAT UTILITIES ARE PUTTING PRESSURE ON BECHTEL AND PRESUMABLY OTHER AMERICAN SUPPLIERS, ALTHOUGH NO OTHER COMPANIES HAVE MADE SIMILAR APPROACHES TO EMBASSY. EMBASSY HOPES RAPID AGREEMENT ON INTERIM TERMS SPEELED OUT IN MADRID 2020 WILL ALLOW NRC TO ACT EXPEDITIOUSLY ON PENDING LICENSES.

8. IN LARGER CONTEXT, EMBASSY TRUSTS THAT NEW US ENERGY POLICY WILL TAKE INTO ACCOUNT IMPORTANCE OF FOREIGN MARKETS, SPAIN BEING ONE OF THE BEST, FOR AMERICAN SUPPLIERS OF NUCLEAR SERVICES AND EQUIPMENT. SPANISH UTILITIES BY FAR PREFER TO BUY AMERICAN GOODS AND SERVICES. HOWEVER, THEY CANNOT AFFORD TO RELY ON WHAT THEY PRESENTLY PERCEIVE TO BE AN UNCERTAIN SUPPLIER. EATON

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUSINESS FIRMS, NUCLEAR POWER PLANTS, INVESTMENT OPPORTUNITIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 24-Mar-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977MADRID02214  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770104-0068  
**Format:** TEL  
**From:** MADRID  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770327/aaaaawyw.tel  
**Line Count:** 113  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 1e9ef0b2-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION OES  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 MADRID 2020  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 09-Mar-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3010575  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AMERICAN FIRM FEELS PINCH CAUSED BY DELAYS IN NRC LICENSING  
**TAGS:** ECON, ENRG, SP, US, BECHTEL  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/1e9ef0b2-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009